

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6404**

**BILL NUMBER:** SB 108

**NOTE PREPARED:** Jan 31, 2006

**BILL AMENDED:** Jan 31, 2006

**SUBJECT:** Wage Payment Issues.

**FIRST AUTHOR:** Sen. Young R Michael

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Wage Payments:* This bill provides that an employer who fails to pay an employee must pay interest at a monthly rate of 1.5% of the amount due. (Current law makes the penalty 10% per day.) It also provides that the maximum amount of interest that may be paid to an employee is the lesser of: (1) double the amount of wages due to the employee; or (2) \$50,000. It provides a procedure for an employer to deduct up to \$100 due to the employer from an employee from the employee's unpaid wages. The bill exempts employees who are classified as exempt under the federal Fair Labor Standards Act from the state provisions concerning wage payment. It provides that in the case of an employer who fails to pay wages to an employee whose average weekly wage is less than \$1,000, if the failure to pay the wages was not in good faith a court may order the employer to pay the employee not more than twice the amount of unpaid wages and reasonable attorney's fees. The bill provides that an employer shall pay an employee for all wages earned to a date not more than 10 business days before the date of the payment. (Current law refers to "10 days" rather than "10 business days".)

The bill establishes a fee for issuing a replacement payroll check in certain circumstances. It provides that if an employee incurs certain fees or charges because a payroll payment is delayed or is denied for insufficient funds, the employer must reimburse the employee for the fees or charges. The bill also specifies that an employer must issue a replacement payroll check to an employee who, not more than 15 days after the original payroll check is issued, submits a written request for the issuance of the replacement payroll check because of the theft, destruction, or other loss of the original payroll check.

*Wage Assignment:* The bill permits a wage assignment for: (1) payment for uniforms; (2) payment for hand-held tools and equipment; or (3) tuition repayment. It specifies that an employee may make a wage assignment

for tuition repayment only if before beginning the education or the training program the employee and the employer execute a written instrument specifying the amount and conditions of the employee's payment or repayment. It also specifies limits and conditions on the amount of deductions that may be made from an employee's wages for certain wage assignments.

*Employer Merchandise:* The bill repeals and relocates language making it a Class C infraction for an employer to sell merchandise or supplies to an employee for a price higher than to the public.

*Wage Payment Regulations:* The bill repeals a chapter concerning the regulation of wage payments, which includes the following provisions: (1) A provision requiring an employer to pay employees in commercial paper. (2) A duplicate provision concerning frequency of wage payments. (3) A provision containing obsolete language concerning liens of laborers.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The impact on the state and local governments would be as an employer and should be a minor impact, if any.

The provisions exempting employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment should have no impact.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** All.

**Information Sources:** All.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.